

**DECLARATION OF DAVID RICHTER**

I, David Richter, declare;

1. I am the president of the board of directors of Sutter Mutual Water Company ("Company"). I am also a farmer in the Sutter Basin. I have farmed in the Sutter Basin since 1980. My family has farmed in the Basin since 1926. I am personally familiar with the economics of farming in the Basin, and with recent trends in the crop mix within the Company's service area.

2. The crop mix within the Company service area has undergone several detectable trends within the past 35 years. Attached to this declaration is a graph that shows total rice acreage within the Company service area from 1954 to the present, and total tomato acreage within the Company service area during the period 1976 to the present. These graphs were prepared utilizing crop acreage data maintained by the Company. 1968 was the peak year of rice production in the SMWC service area with 26,078 acres. The years 1967, 1968, and 1969 saw an average rice acreage of 25,348. The years 1968 to 1998 saw an increase in tomato acreage with a direct correlation to a decrease in rice acreage. In 1968, tomato production began to increase in the service area.

3. An increase in rice acreage began in 1999 with the closure of several major tomato canneries in Northern California. 1998 was the closure of American Home Foods in Vacaville, California. 1999 was the closure of Hunts Wesson Foods in Davis, California. 2000 was the closure of Contadina/Del Monte cannery in Woodland, California. 2001 was the closure of Harter Packing Company in Yuba City, California. 2002 was the closure of the Heinz cannery in Stockton, California.

4. Rice acreage increased each of the years of cannery closures, except for 2001 which was a water transfer year. Approximately 2387 acres of land (2000 acres rice) was idled in the Company service area in connection with this transfer.

5. With the outlook of no new tomato canneries being established in Northern California service area, tomato acreage will not be significantly increasing.

6. 1976 had five rice buyers purchasing approximately 31 million bags of rice per year in Northern California. Today there are twenty-six rice buyers purchasing approximately 37 million to 43 million bags of rice per year in Northern California.

7. In my opinion, with no new increase in tomato acreage and an increase in rice purchasing agents, the SMWC service area's rice acreage will increase to approximately 26,000 acres, and possibly more, within the next 5 years.

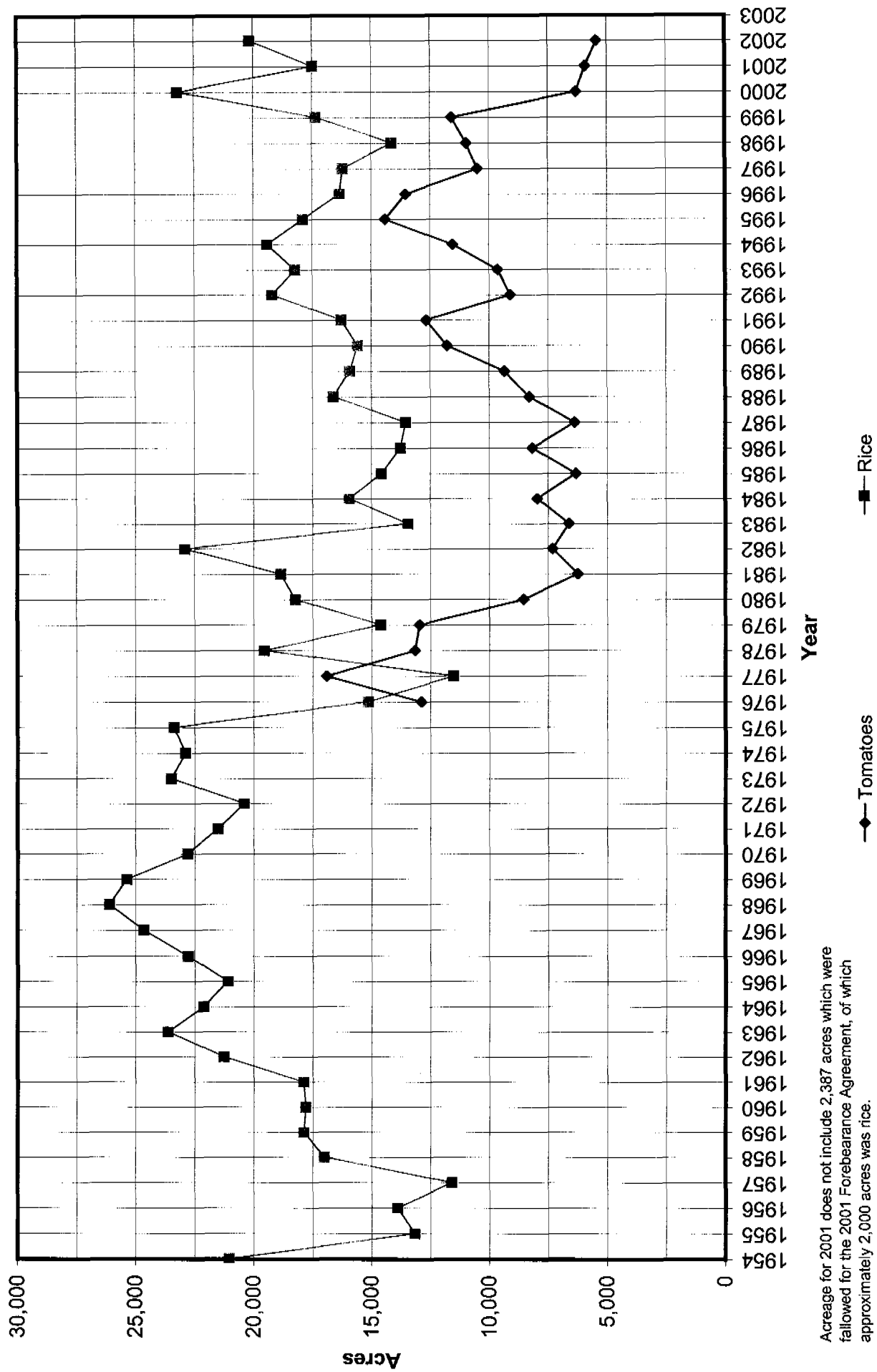
8. As detailed in the technical memorandum prepared by Marc Van Camp of MBK Engineers, soil salinity is a major concern within the Company service area. The Company board of directors closely monitors the levels of salinity in the Company's irrigation water and adjusts levels of water recycling based on salinity levels. The board of directors and I are quite concerned that if the Company's total contract water supply is limited in accordance with the Bureau of Reclamation's most recent proposal (208,600 AF total annual supply), there will be an inadequate margin of safety to address future soil salinity problems, particularly if rice acreage increases during the next 5 years as I predict. The Company has no low salinity groundwater available to supplement surface water supplies. If the surface water available for diversion under the Company's settlement contract is inadequate to meet crop needs and soil leaching requirements, the likely result will be increased salt buildup in the soils within the Company service area,

with attendant decline in the productivity of these soils. If this salt buildup is allowed to occur, there will be disastrous impacts on the environment and the social and economic fabric of the Sutter Basin.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct. Executed at Sacramento, California on April 10, 2003.

  
David Richter

# Sutter Mutual Water Company Crop Acreages



Acreage for 2001 does not include 2,387 acres which were fallowed for the 2001 Forebearance Agreement, of which approximately 2,000 acres was rice.